



Report for February 2025

Issued March 3, 2025

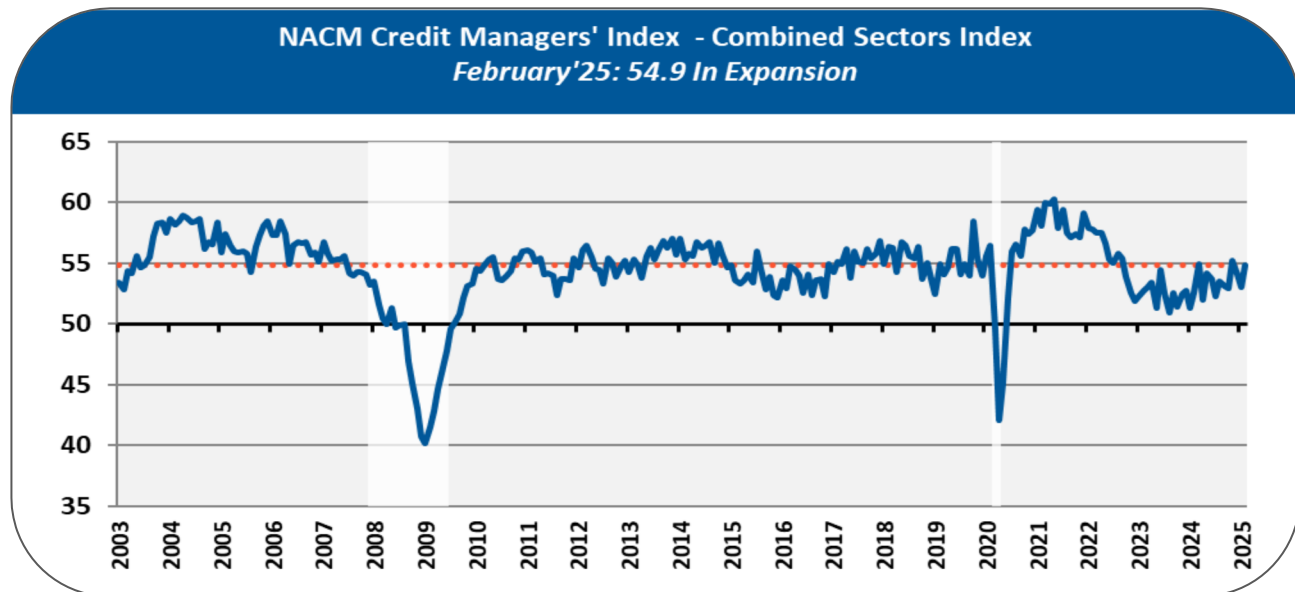
National Association of Credit Management

Credit Managers' Index Combined Sectors

The National Association of Credit Management's seasonally adjusted combined Credit Managers' Index (CMI) for February 2025 improved 1.9 points to 54.9. "The Credit Managers' Index reversed course this month after two months of declines. The improvement was broad based, with only two factors—Dollar Collections and Disputes—deteriorating from last month," said NACM Economist Amy Crews Cutts, Ph.D., CBE.

"Inflation in consumer prices and producer commodity prices accelerated again in January, which supports the Fed's decision to pause any further action on rates. For the moment, tariffs on our North American trading partners have also been paused but could come into effect as soon as March 4, with promised retaliatory tariffs put on U.S. goods bound for Canada and Mexico, in addition to further tariffs on China and our EU partners. It is hard to quantify what exactly the effects will be, in large part because the information is changing rapidly."

Cutts continued, "We also have to get a budget for the current fiscal year passed through Congress by March 14. And we're already in trouble on the debt ceiling as we've hit the limit. The nearer we get to edge of default on our bond obligations the more we will pay to borrow in global markets, making the debt problem even larger than it already is."



The CMI is centered on a value of 50, with values greater indicating expansion and values lower indicating economic contraction.

Combined Manufacturing and Service Sectors (seasonally adjusted)	Feb '24	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25
Dollar Sales	58.8	62.1	57.9	62.2	60.1	55.1	58.5	55.3	55.8	63.4	53.6	56.1	59.5
New Credit Applications	59.6	61.0	57.7	60.4	58.5	58.2	57.1	55.6	57.5	58.9	59.2	57.2	61.4
Dollar Collections	59.2	60.8	55.3	60.0	58.5	55.3	62.0	57.5	58.2	63.4	60.0	61.3	59.8
Amount of Credit Extended	56.2	64.5	60.9	60.5	59.4	60.8	58.6	57.6	58.2	63.7	62.0	56.8	60.7
Index of Favorable Factors	58.4	62.1	57.9	60.8	59.1	57.4	59.1	56.5	57.4	62.3	58.7	57.9	60.3
Rejections of Credit Applications	48.0	51.5	49.4	51.0	51.0	49.9	50.5	52.1	50.0	50.6	50.6	50.9	51.1
Accounts Placed for Collection	42.9	45.9	44.9	45.0	46.1	46.4	45.7	48.9	47.0	47.1	49.6	47.8	49.4
Disputes	48.2	49.6	49.7	49.7	49.2	49.1	49.8	51.0	50.6	52.6	51.5	51.1	51.0
Dollar Amount Beyond Terms	50.8	54.8	43.6	50.7	50.6	46.1	49.7	50.9	49.6	52.6	50.2	46.9	51.7
Dollar Amount of Customer Deductions	49.7	50.1	50.7	51.9	51.5	51.1	51.8	51.3	52.0	51.8	53.0	51.3	52.5
Filings for Bankruptcies	52.6	49.6	49.9	50.7	52.4	50.9	51.7	50.9	50.3	48.5	51.5	50.6	51.6
Index of Unfavorable Factors	48.7	50.2	48.0	49.9	50.1	48.9	49.9	50.8	49.9	50.5	51.1	49.8	51.2
NACM Combined CMI	52.6	55.0	52.0	54.2	53.7	52.3	53.5	53.1	52.9	55.3	54.1	53.0	54.9

Note: Seasonal adjustment factors were updated for this month's report which may affect previously published values.

CMI Combined Sectors Factor Indexes

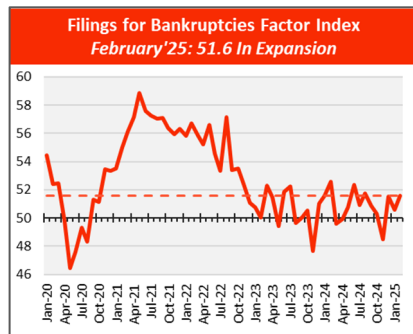
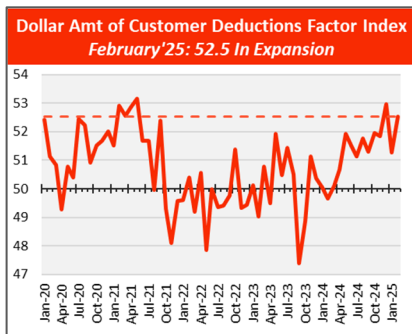
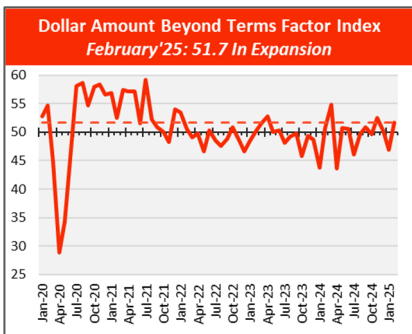
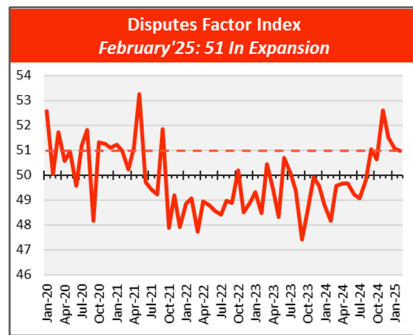
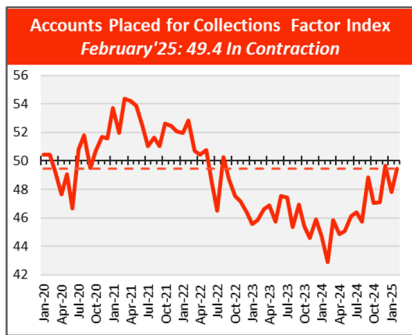
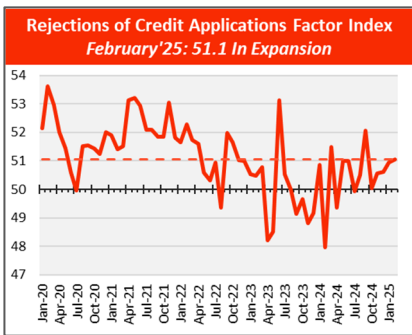
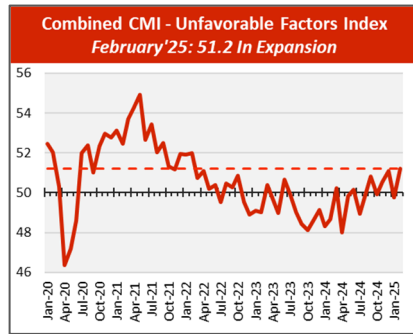
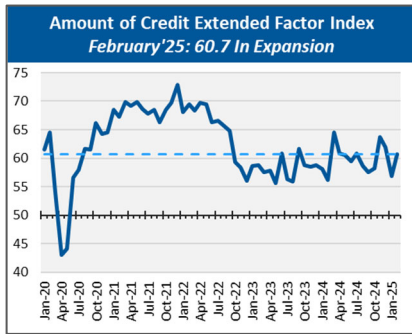
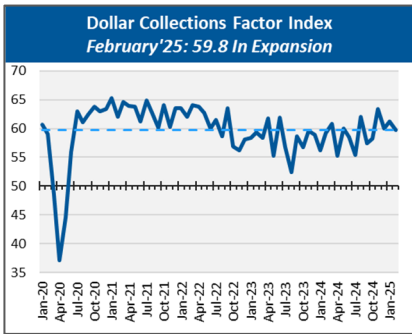
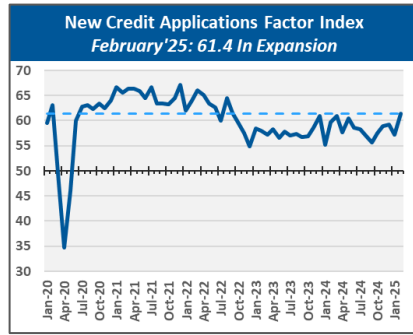
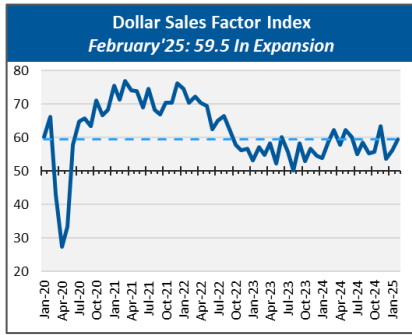
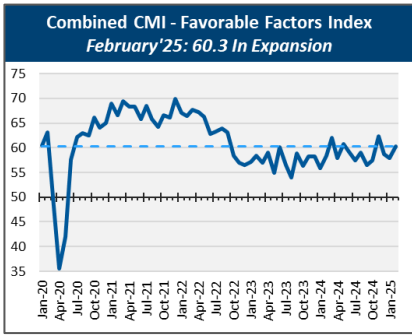
Key Findings:

- The Index for Unfavorable Factors improved back into expansion territory. The index sits at 51.2, up 1.4 points from last month's value. This index has been bouncing in a very tight range for the past four years, right between the line of expansion and contraction.
- The Index for Accounts Placed for Collection is at 49.4 this month, its 30th month in contraction. This means the number of accounts placed for collections at respondent firms has increased every month for more than two years.
- The Index for Favorable Factors improved 2.4 points in this month's survey. The index sits at 60.3 points.
- The Index for Dollar Collections from due and past due accounts was one of only two factor indexes that deteriorated this month in the combined sector, losing 1.5 points but remaining on the expansion side.

"This month's CMI covers activity in January so the extent to which changes in federal policies might affect collections for NACM members is too early to detect," said Cutts. "I expect that we will see a lot of volatility in economic data in coming months as businesses and consumers try to anticipate how policy announcements by the Trump Administration might impact their businesses and how and when they are ultimately implemented. For example, if you are in the import business, proposed changes in tariffs might be leading to inventory buildup now, but if implemented could lead to a change in sourcing, product availability or pricing by those companies affecting their business prospects."

CMI Combined Sectors Factor Indexes Charts

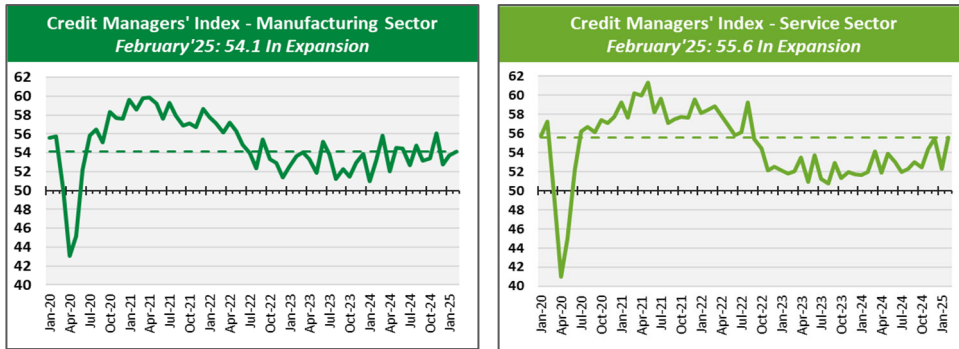
All charts contain seasonally adjusted data. Please note that the vertical axes are not scaled identically, and the dotted line represents the most recent value.



CMI Manufacturing versus CMI Service Sectors Indexes

The Manufacturing Sector CMI improved 0.4 points in the February CMI survey to a level of 54.1. The Service Sector CMI improved by 3.4 points to sit at 55.6.

“Respondents continued to be vocal this month about slow or slowing business activity,” Cutts said. “One respondent noted that when contacting clients for payment, they have repeatedly heard, ‘It’s been a rough winter.’ Another noted that the trend of customers requesting or taking extended terms continues to be a challenge. The CMI indexes still indicate strength in the B-to-B sector, but cash flow issues are a rising recession risk.”



The data in the charts are seasonally adjusted.

CMI Manufacturing Sector Factor Indexes

Among the CMI Manufacturing Sector Factor Indexes, favorable factors improved 0.8 points to 57.5. The Unfavorable Factor Index improved 0.1 points and now stands at 51.9.

Key Findings:

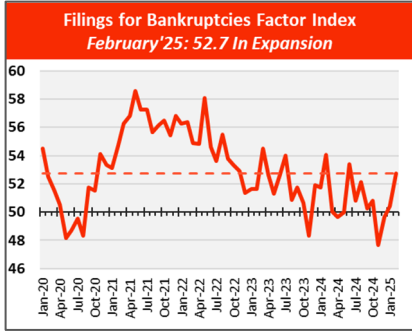
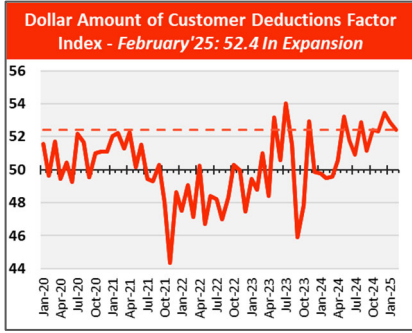
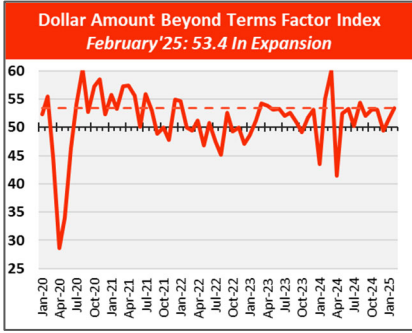
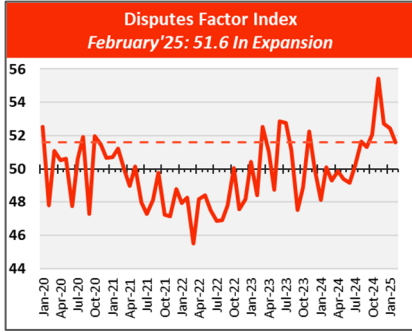
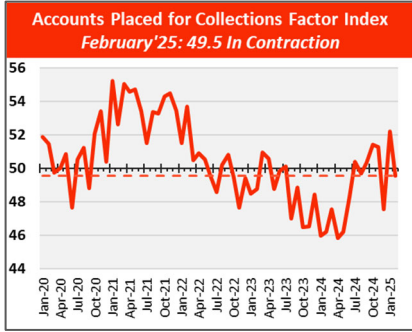
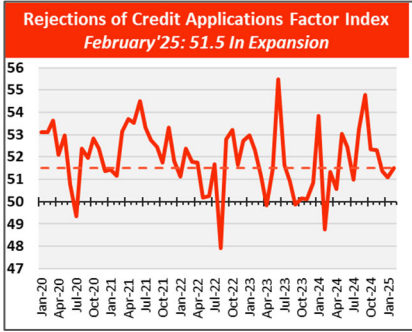
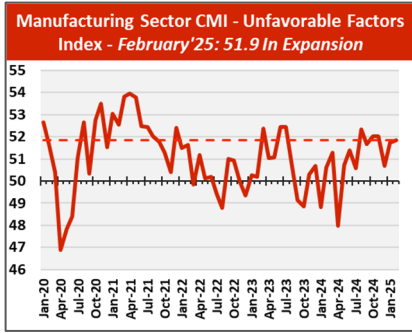
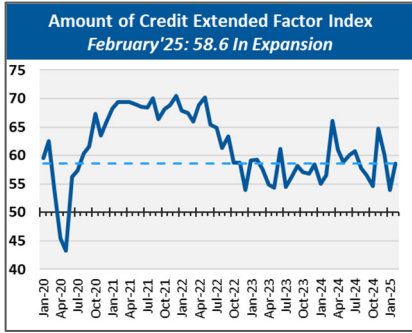
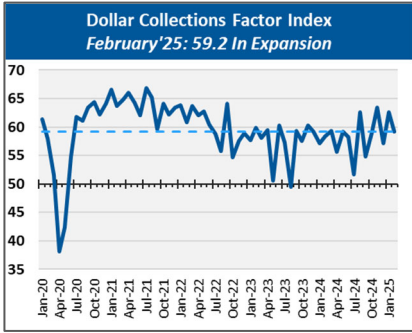
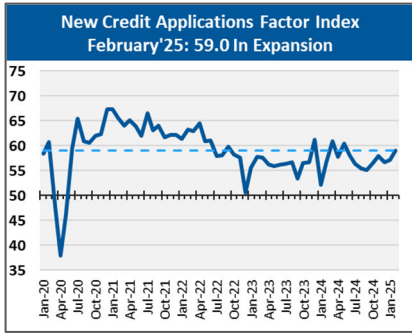
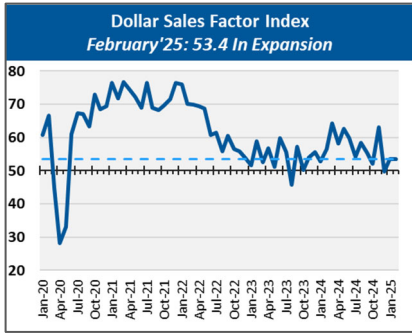
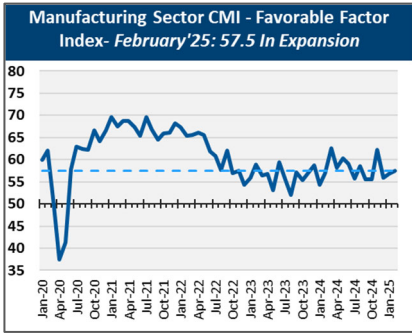
- All factor indexes in the Manufacturing Sector are in expansion except for the Index for Accounts Placed for Collection, which fell 2.7 points to 49.5. The index was in expansion last month.
- Only one favorable factor index deteriorated this month: the Amount of Dollar Collections from both due and past due accounts deteriorated by 3.5 points to 59.2.
- Among unfavorable factor indexes, half improved and half deteriorated. The largest improvement was in the index for Filings for Bankruptcies, up by 2.3.

“Respondents indicated they are expecting some slowing this year in their forecasts, citing cash flow issues reported by their customers and tariff worries,” said Cutts.

	Feb '24	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25
Manufacturing Sector (seasonally adjusted)													
Dollar Sales	56.5	64.3	58.2	62.6	59.9	54.2	58.3	55.4	52.2	63.0	49.8	53.4	53.4
New Credit Applications	56.8	60.9	57.7	60.4	58.1	56.4	55.4	55.1	56.5	57.9	56.6	57.1	59.0
Dollar Collections	58.3	59.4	55.6	59.3	58.2	51.7	62.7	54.8	58.9	63.4	57.1	62.7	59.2
Amount of Credit Extended	56.5	66.1	61.1	58.8	60.0	60.8	57.8	56.6	54.6	64.7	60.1	53.9	58.6
Index of Favorable Factors	57.0	62.7	58.1	60.3	59.1	55.8	58.5	55.5	55.6	62.2	55.9	56.8	57.5
Rejections of Credit Applications	48.8	51.3	50.6	53.0	52.4	51.0	53.2	54.8	52.3	52.3	51.4	51.1	51.5
Accounts Placed for Collection	46.2	47.6	45.8	46.2	48.3	50.4	49.7	50.4	51.4	51.2	47.6	52.2	49.5
Disputes	50.1	49.3	49.9	49.4	49.2	50.2	51.6	51.3	52.1	55.4	52.7	52.4	51.6
Dollar Amount Beyond Terms	55.1	60.0	41.4	52.5	53.3	50.2	54.4	52.1	53.1	53.1	49.4	51.4	53.4
Dollar Amount of Customer Deductions	49.5	49.6	50.6	53.2	51.7	50.9	52.9	51.2	52.4	52.3	53.5	52.9	52.4
Filings for Bankruptcies	54.1	50.0	49.7	50.0	53.4	50.8	52.1	50.3	50.8	47.7	49.7	50.4	52.7
Index of Unfavorable Factors	50.6	51.3	48.0	50.7	51.4	50.6	52.3	51.7	52.0	52.0	50.7	51.7	51.9
NACM Manufacturing CMI	53.2	55.8	52.0	54.5	54.5	52.7	54.8	53.2	53.4	56.1	52.8	53.7	54.1

CMI Manufacturing Sector Factor Indexes Charts

All charts contain seasonally adjusted data. Please note that the vertical axes are not scaled identically, and the dotted line represents the most recent value.



CMI Service Sector Factor Indexes

The CMI Service Sector Favorable Factors Index marked a 4.2-point improvement to 63.1. The sector’s Unfavorable Factors Index gained 2.8 points to 50.6 – coming back into expansion after one month in contraction territory.

Key Findings:

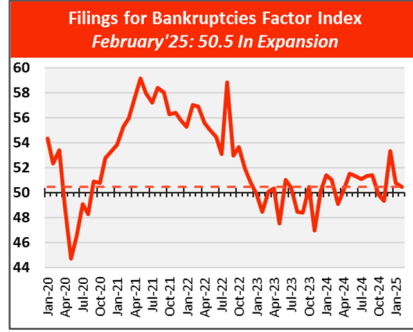
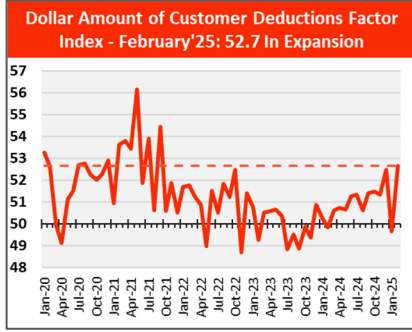
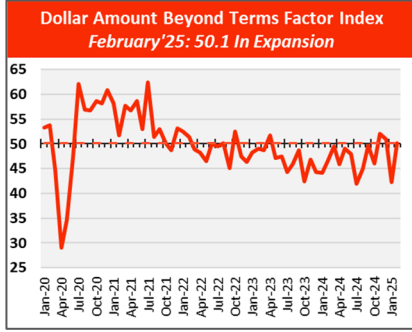
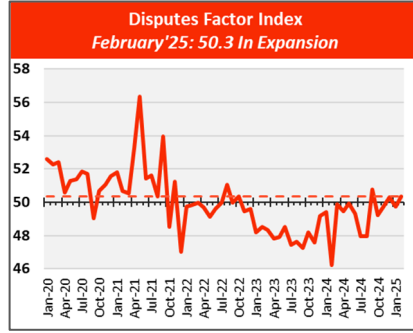
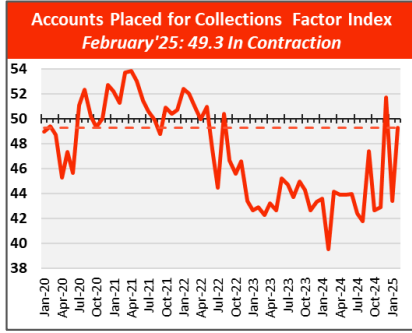
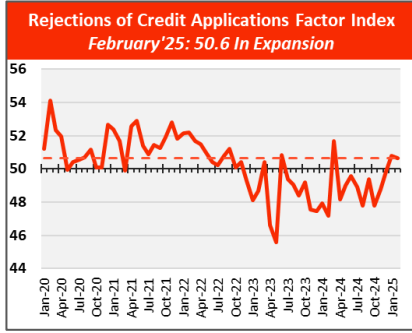
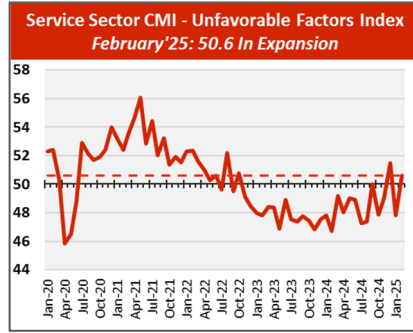
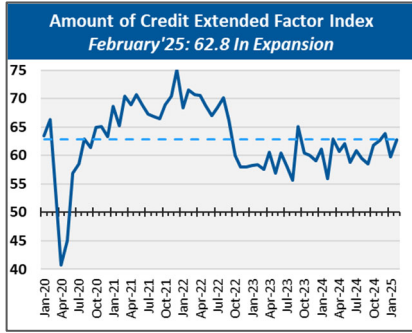
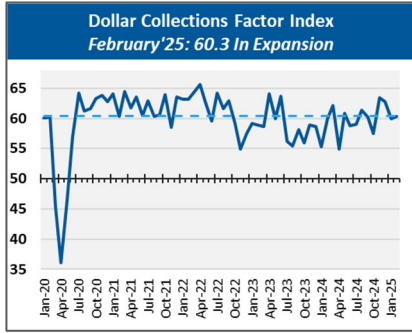
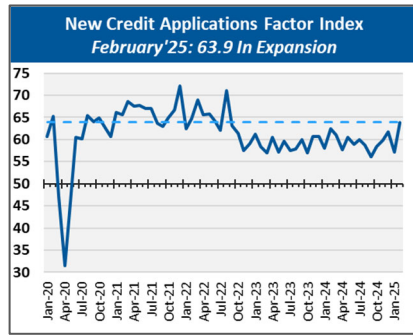
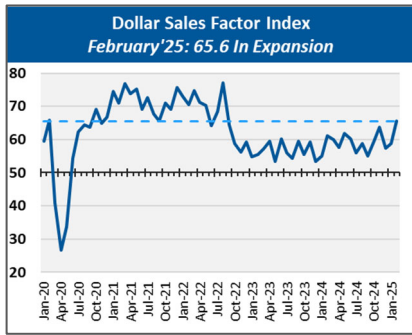
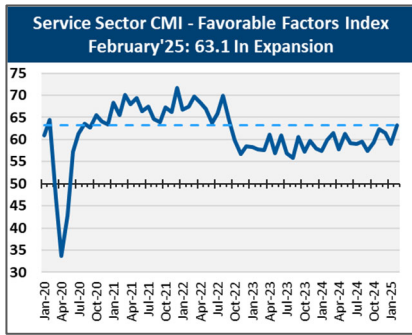
- The Unfavorable Factors index has been in contraction for 21 of the past 24 months, with the exception of September and December 2024 and February 2025.
- The improvement in the Favorable Factor Index was led by a 6.7-point improvement in both the Index for Dollar Sales (now at 65.6) and the Index for New Credit Applications (now at 63.9).
- The improvement in the Unfavorable Factors Index was led by a 7.8-point recovery in the Index for the Dollar Amount of Beyond Terms which edged back into expansion with a value of 50.1. The index was in contraction for 18 months starting in May 2023, moved into expansion in November and December, fell sharply into contraction in January, and has now bounced back into expansion.
- The Accounts Placed for Collections Index also marked a large improvement, with a 5.9-point expansion to 49.3. This index has been in contraction for 29 of the past 30 months.

“With one exception, the Service Sector favorable factors indexes are in expansion, but weakly so,” said Cutts. “The fact that the Accounts Placed for Collections Index has been in contraction for 29 of the past 30 months is very worrying. The constant refrain from credit managers is that they are having to work harder and harder to get paid. It’s a disconnect between the image portrayed by aggregate economic indicators and what businesses are experiencing. Trade credit facilitates most of our economic activity on the B-to-B side, so it’s a good indicator of overall economic activity. The weakness in the Credit Managers’ Index is worth watching for further signs of stress.”

Service Sector (seasonally adjusted)	Feb '24	Mar '24	Apr '24	May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24	Nov '24	Dec '24	Jan '25	Feb '25
Dollar Sales	61.1	59.9	57.6	61.8	60.3	55.9	58.8	55.1	59.4	63.7	57.4	58.9	65.6
New Credit Applications	62.5	61.1	57.6	60.5	58.9	60.1	58.7	56.1	58.4	59.8	61.8	57.2	63.9
Dollar Collections	60.0	62.2	55.0	60.8	58.7	59.0	61.4	60.1	57.5	63.5	62.8	59.9	60.3
Amount of Credit Extended	55.9	62.9	60.7	62.1	58.9	60.9	59.5	58.6	61.8	62.7	63.9	59.7	62.8
Index of Favorable Factors	59.9	61.5	57.7	61.3	59.2	59.0	59.6	57.5	59.3	62.4	61.5	58.9	63.1
Rejections of Credit Applications	47.2	51.7	48.2	49.0	49.6	48.9	47.8	49.4	47.8	48.8	49.9	50.8	50.6
Accounts Placed for Collection	39.5	44.2	43.9	43.9	44.0	42.4	41.8	47.4	42.7	42.9	51.7	43.4	49.3
Disputes	46.2	49.9	49.5	49.9	49.3	48.0	48.0	50.8	49.2	49.8	50.3	49.7	50.3
Dollar Amount Beyond Terms	46.5	49.6	45.8	49.0	47.9	41.9	44.9	49.7	46.1	52.0	51.0	42.3	50.1
Dollar Amount of Customer Deductions	49.8	50.6	50.7	50.7	51.3	51.3	50.6	51.4	51.5	51.3	52.5	49.7	52.7
Filings for Bankruptcies	51.1	49.1	50.2	51.5	51.3	51.1	51.4	51.4	49.9	49.3	53.4	50.8	50.5
Index of Unfavorable Factors	46.7	49.2	48.0	49.0	48.9	47.3	47.4	50.0	47.8	49.0	51.5	47.8	50.6
NACM Service CMI	52.0	54.1	51.9	53.9	53.0	52.0	52.3	53.0	52.4	54.4	55.5	52.2	55.6

CMI Service Sector Factor Indexes Charts

All charts contain seasonally adjusted data. Please note that the vertical axes are not scaled identically, and the dotted line represents the most recent value.



View CMI archives at <https://www.nacm.org/cmi/cmi-archive.html>.

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Methodology Appendix

CMI data has been collected and tabulated monthly since March 2002. The index, published since March 2003, is based on a survey of approximately 1,000 trade credit managers in the first half of each month, with about equal representation between the manufacturing and service sectors. The survey asks respondents to comment whether they are seeing improvement, deterioration, or no change for various favorable and unfavorable factors. There is representation from all states, except some of the less populated, such as Vermont and Wyoming. The computation of seasonality is based on the formula used by the U.S. Census Bureau and most of the federal government’s statistical gathering apparatus, making it possible to compare the CMI diffusion index with comparable indices, such as the Purchasing Managers’ Index (PMI) and other manufacturing and service sector indices.

Factors Making Up the Diffusion Index

As shown in the table below, 10 equally weighted items determine the index. These items are classified into two categories: favorable factors and unfavorable factors. A diffusion index is calculated for each item with the overall CMI being a simple average of the 10 items. Survey responses for each item capture the change—higher, lower or the same—in the current month compared to the previous month.

For positive indicators, the calculation is:

$$\frac{\text{Number of "higher" responses} + \frac{1}{2} \times \text{number of "same" responses}}{\text{Total number of responses}}$$

For negative indicators, the calculation is:

$$\frac{\text{Number of "lower" responses} + \frac{1}{2} \times \text{number of "same" responses}}{\text{Total number of responses}}$$

A resulting CMI number of more than 50 indicates an economy in expansion; less than 50 indicates contraction.

Favorable Factors	Why Favorable
Sales	Higher sales are considered more favorable than lower sales.
New credit applications	An increase in credit applications says that demand is greater, which represents increased business if credit is extended.
Dollar collections	Higher dollar collections represent improved cash flow for the selling firm and the ability of buying firms to pay.
Amount of credit extended	An increase for this item means business activity is expanding with greater sales via trade credit.
Unfavorable Factors*	Why Unfavorable
Rejections of credit applications	Increased rejections of credit applications mean more marginal creditworthy customers are seeking trade credit and being denied.
Accounts placed for collection	As this item increases, the selling firm is having trouble collecting accounts, or conversely, there is an increase in buyers not paying.

Disputes	Higher dispute activity often is associated with cash flow problems of customers. They dispute the invoice to defer payment until later.
Dollar amount of receivables beyond terms	As this item becomes higher, it means customers are taking longer to pay.
Dollar amount of customer deductions	Higher deductions often are associated with cash flow problems of customers.
Filings for bankruptcies	Higher bankruptcy filings mean cash flow difficulties of customers are increasing.

**Note: When survey respondents report increases in unfavorable factor activities, the index numbers drop, reflecting worsening conditions.*

About the National Association of Credit Management

NACM, headquartered in Columbia, Maryland, supports more than 32,000 business credit and financial professionals at more than 8,000 companies worldwide with premier industry services, tools and information. NACM and its network of affiliated associations are the leading resource for credit and financial management information, education, products and services designed to improve the management of business credit and accounts receivable. NACM's collective voice has influenced our nation's policy makers on federal legislation concerning commercial business and trade credit for more than 100 years and continues to play an active role in legislative issues that pertain to business credit and corporate bankruptcy. Its annual Credit Congress & Expo is the largest gathering of credit professionals in the world. NACM has a wealth of member experts in the fields of business-to-business credit and law. Consider using NACM as a resource in the development of your next credit or finance story. View CMI archives at <https://www.nacm.org/cmi/cmi-archive.html>.